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C O N F I D E N T I A L SECTION 01 OF 03 WELLINGTON 000452

SIPDIS

STATE FOR EAP A/S HILL, EAP/ANP, EAP/CM AND EAP/J
NSC FOR NSA HADLEY AND VCHA
SECDEF FOR OSD/ISA LIZ PHU

E.O. 12958: DECL: 06/09/2015

TAGS: [PREL](#) [NZ](#)

SUBJECT: WITH NEW ZEALAND PM, AMBASSADOR RAISES POSSIBILITY
OF BILATERAL DISCUSSIONS

Classified by: Ambassador Charles J. Swindells. Reasons: 1.4
(b) and (d).

[11.](#) (C) Begin summary: In a meeting that included discussion of China's growing power and the need for a U.S. presence in the Pacific, the Ambassador told New Zealand Prime Minister Clark that the time was ripe for a frank and comprehensive dialogue between our governments on issues that hinder our bilateral relationship, including New Zealand's anti-nuclear policy. The Prime Minister expressed frustration over the perception of difficulties in the relationship despite having so much in common, but did not immediately take up the offer of dialogue. Nonetheless, while noting that she is focused on coming national elections, she left the door open to bilateral discussions, saying there may be an area of flexibility that would allow the relationship to move forward. End summary.

PM's visits to China and Japan

[12.](#) (U) At the Ambassador's request, he and Prime Minister Clark met June 8. The Ambassador told the Prime Minister that it was an opportune time to touch base, in view of recent trips by Clark to China and Japan, by Foreign Minister Goff to the United States and Canada, and by the Ambassador to Washington.

[13.](#) (C) Recounting her May 30 to June 4 trip to China and Japan, PM Clark expressed deep interest in ensuring that China's emergence as a great power is peaceful. She said New Zealand would use whatever ability it has to influence China's direction positively, which was part of the message that FM Goff took to Washington in late May.

[14.](#) (C) Clark reported that the Chinese, who have been negotiating a free-trade agreement with the New Zealanders since December 2004, stated their keen interest in achieving an agreement. When Clark told them that the deal had to be both ambitious and "high quality," the Chinese agreed. "We're presented as more cautious than they have been," Clark commented. China is New Zealand's fourth-largest trade partner.

[15.](#) (C) The Prime Minister said she delivered a strong message on North Korea to the Chinese, saying she believed that their role was critical in curbing North Korea's nuclear program -- that they had more influence than anyone else over the North Korean government. She also noted that while the Chinese have told the United States to be more subtle in its approach, subtlety does not work with North Korea.

[16.](#) (C) Clark recalled that Chinese President Hu had said at the last APEC summit that it was important for the Japanese to not inflame their bilateral relations, pointing particularly to Japanese leaders' visits to Yasukuni Shrine. Hu left the impression that the Chinese believed the ball was in the Japanese court. But that is not the way the Japanese see it, Clark said. Instead, they believe that by canceling visits to the shrine, it would appear that they were succumbing to Chinese pressure.

[17.](#) (C) Clark -- noting the importance to New Zealand of its relationship to Japan, its third-largest trade partner -- said she detected a "reflective" mood in her meeting with President Koizumi regarding how Japan should deal with its wartime past. He is mindful of the coming 60th anniversary of VJ Day. Clark said it will be helpful if Koizumi reflects over the next two months the humility he expressed in attending VE Day ceremonies in Moscow.

[18.](#) (C) Clark said that on the day she met with Koizumi, the Australians delivered a demarche on Japan's scientific whaling activities. She knew that the United States also had delivered a strong message. She told the Japanese that it would be a tragedy if they left the International Whaling Commission. That would allow the Japanese to operate without any discipline, and we need to continue the dialogue with them, she said to the Ambassador.

[19.](#) (C) Meanwhile, Clark wondered whether resolution of the

tensions between China and Japan would affect both the North Korean problem and UN Security Council reform. She speculated that such tensions may have given the Chinese a reason to hold back on the Six-Party Talks and caused them to be obstructionist in the United Nations, opposing a permanent seat on the Security Council for Japan.

U.S.-New Zealand relationship

10. (C) The Ambassador said that, in his recent meetings with the President and officials at the White House and State and Defense Departments, it is clear that the U.S. government considers the relationship with New Zealand to be important. It also is clear, however, that the bilateral relationship is not what it needs to be. Thus, the U.S. government would like to begin a quiet and frank dialogue with New Zealand on all issues on which we do not agree. While those issues would include New Zealand's anti-nuclear legislation, the discussions might not necessarily result in a change in the legislation or in a return by New Zealand to the ANZUS alliance. But we will not know about the possibilities of moving the bilateral relationship forward unless we talk about them. However, the Ambassador made it clear that we are looking to New Zealand to express its interest in such discussions and to indicate its preferences on when and how they might take place.

11. (C) PM Clark responded that she was focused on a certain "date," referring to elections that she has not yet scheduled but that must be held by September 24. But she added that in the New Zealand-U.S. relationship, "we have everything in common." It is frustrating that, despite such commonality, "the relationship seems to go grumpy" by being seen through only one issue -- implying, the anti-nuclear issue. She noted New Zealand's contribution to the war and reconstruction in Afghanistan and willingness to contribute to efforts in the Pacific. "When I go to APEC, you can't split a hair between the President and myself," Clark said.

12. (C) The Ambassador stressed that proceeding with dialogue would be up to New Zealand and assured Clark that there was no pressure on her. "We're ready when you tell us you're ready," the Ambassador said. DCM Burnett said the discussions could be held privately and could be productive even if they came full circle. They could help us to work together more efficiently, for instance, on such efforts at the Proliferation Security Initiative (PSI).

13. (C) Both countries must find ways to deal with new realities, Clark responded. The PSI is a classic example: New Zealand was invited to participate, while some in the Pentagon suggested it should not be allowed to join the military exercises.

14. (C) While noting that the United States no longer arms its ships with nuclear weapons, Clark said her "gut feeling" was that her government would not want to change its anti-nuclear legislation, which would continue to ban nuclear-propelled ships. "I know how your Navy will respond," she said. DCM Burnett said that the ban was not necessarily a problem bilaterally since we have never had a pressing need to send any vessels to New Zealand, but had repercussions elsewhere in the region in terms of U.S. fleet mobility. Clark said, "If that's an area of flexibility -- of no need for nuclear ships in our area -- then that's perhaps an area for us to move forward."

15. (C) The Ambassador pointed out the interest of Australia, Singapore and other countries in a strong U.S. presence for regional stability and economic reasons. The Prime Minister said the emerging strategic architecture in the Pacific had to include the United States. With the rise of China and India, with Japan once being "abhorrently" powerful but now in decline, and with ASEAN as a counterweight, a U.S. presence is necessary. "China has to be balanced," she said.

16. (C) The Ambassador suggested that opening a dialogue could highlight areas in which New Zealand and the United States might increase their cooperation. His successor has been identified but not yet confirmed, and even though the Ambassador will be leaving Wellington within the year, he would ensure continuity in any discussions once they had started. He noted his deep respect for the Prime Minister and the belief that she could find a way forward in the bilateral relationship. He asked that the Prime Minister let him know if and when she was comfortable with proceeding with discussions. She responded, half jokingly, "We're here to help."

17. (U) PM Clark was accompanied by Brook Barrington, her foreign policy adviser, and Roy Ferguson, director of the Ministry of Foreign Affairs and Trade's Americas Division. The Ambassador was accompanied by the DCM and acting political-economic counselor (notetaker).

18. (C) Comment: The message to PM Clark was clear: It is

now up to her government as to whether it chooses to seek better relations with the United States and pursues dialogue with us. But a decision will have to wait, with the Labour government's lead in public opinion polls declining and with it facing what now appears to be a difficult campaign for re-election.

Swindells